

U. S. NEWS & WORLD REPORT  
9 MAY 1977

# PEOPLE ARE STILL WONDERING— IS ENERGY SHORTAGE FOR REAL?

Carter's efforts to convince Americans of the need to act now may be paying off—but doubts threaten to snarl quick approval of any plan.

Controversy over whether there is a world energy crisis—and, if so, how serious—threatens to slow the progress of President Carter's energy-conservation program.

While the Carter energy blitz seems to have convinced many Americans that the problem is real, there still are strong voices in dissent.

A Gallup Poll taken after the Chief Executive's televised appeals for conservation showed that 54 per cent of those responding now believe a very serious energy problem exists. That compares with 45 per cent one week earlier.

Relying heavily on Central Intelligence Agency studies, Carter has warned that the world will run short of oil in the years just ahead, almost surely before 1985.

But others, including scientists at a United Nations-sponsored conference and consumer advocate Ralph Nader, maintain that there is enough oil and natural gas to keep the world fueled for 100 years or longer.

**A new buyer?** Carter and the CIA are concentrating on a short-range problem, keyed mainly to intelligence esti-

mates that Soviet oil production will drop sharply before 1985. If that happens, Russia would be forced to compete with Western nations for oil supplies from the Mideast and elsewhere.

Those who hold a different view look beyond any immediate problems to oil and gas reserves that, while known to exist, cannot be produced with present technology and at anything close to current world prices.

Figures on proven world reserves, most recently calculated at 598.9 billion barrels of oil and 2,304 trillion cubic feet of gas, are viewed as unreliable, both by governments and petroleum companies. World consumption of oil and gas is believed to be equal to about 45.6 billion barrels of oil a year.

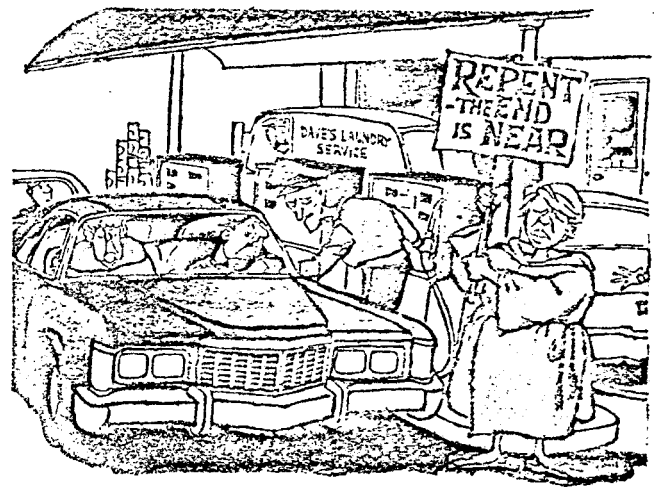
Even estimates of U.S. reserves—30.9 billion barrels of oil and 228.2 trillion cubic feet of gas—often are challenged outside the industry as suspect. These are being steadily eaten away, with consumption in this country last year totaling 5.95 billion barrels of oil and 20.1 trillion cubic feet of gas.

One worrisome fact is clear. The U.S. now imports almost half of all the oil and petroleum products it consumes. The nation spent a record 4.5 billion dollars for foreign oil in March and a total of 10.9 billion dollars in the first quarter of 1977.

The only offsetting energy factor in the U.S. balance of payments was almost 3 billion dollars in coal exports last year. Most of this is metallurgical-grade coal shipped to steel plants in Japan and elsewhere. Such coal sells for \$46 to \$51 a ton, compared with \$17 to \$21 a ton for steam coal.

If a nation is short on energy, why should it export? One U.S. coal executive says that to use such high-grade coal to generate power "would be like feeding filet mignon to your dog."

Critical to the Carter energy plan is the pessimistic assessment by the CIA of near-term supplies of oil. The President first cited this a few days before he called



"WHO'S THAT CRAZY OVER THERE?"

for "the moral equivalent of war" against wasteful use of energy.

Rear Adm. Stansfield Turner, the CIA Director, defended the analysis in congressional testimony on April 25 and produced a second volume detailing the agency's study of Soviet oil production. He said the estimate of Soviet output was crucial to the CIA conclusion.

The study forecast that Soviet production could peak as early as next year, and not later than the early 1980s. The CIA said that water flooding, used by the U.S.S.R. to boost production, will soon begin to drown out some big fields.

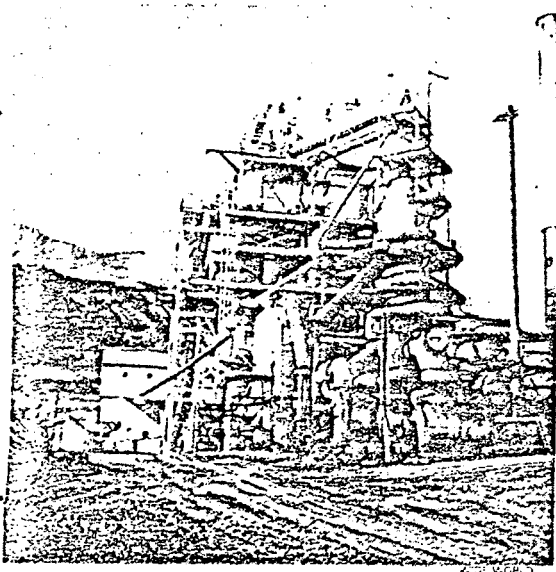
As a result, the Russians, who now supply all their own oil and export a million barrels a day to Eastern Europe, may need to buy 3.5 to 4.5 million barrels a day by 1985, the CIA reported.

This could create a worldwide oil shortage in the mid-1980s.

**Other estimates.** It is when you look beyond the 1980s—and at unconventional sources of oil and gas—that world prospects seem better. Findings of a United Nations conference at Laxenburg, Austria, released in April cite these examples of potential sources not included among proven reserves:

- Heavy crude oil from the Orinoco belt in Venezuela and the Alberta tar sands in Canada that could be recovered, using chemicals, steam or other processes, when sharply higher oil prices make it economical. The Orinoco belt holds an estimated 4.2 trillion barrels of oil, the Canadian tar sands a trillion barrels. Similar deposits are believed to exist in Russia.

- Oil-shale resources known to exceed 3 trillion barrels, with huge deposits in



Oil shale is among resources that U.N. report says could keep world in fuel for next 100 years.